



**NOMINATION AND REMUNERATION POLICY
OF
DIRECTORS,
KEY MANAGERIAL PERSONNEL
AND
OTHER EMPLOYEES
OF
INDIAN ENERGY EXCHANGE LIMITED**

Amended in the Board Meeting dated February 8, 2019 by virtue of Notification issued by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated November 30, 2018



INDIAN ENERGY EXCHANGE LIMITED

NOMINATION AND REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES OF INDIAN ENERGY EXCHANGE LIMITED

PRINCIPLE AND RATIONALE

As per the requirements of Section 178 of the Companies Act, 2013 and the Rules framed thereunder read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Board of Directors of the Company has constituted a Nomination and Remuneration Committee. The Committee's role is to be supported by a policy for nomination of Directors and Senior Management Personnel including Key Managerial Personnel as also for remuneration of Directors, Key Managerial Personnel (KMP) and other Employees.

In line with the Company philosophy towards nurturing its human resources, the Nomination and Remuneration Committee of the Board of Directors of the Company recommends to the Board of Directors for its adoption the Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company as set out below:

1. DEFINITIONS:

- 1.1. **'Board'** shall mean Board of Directors of Indian Energy Exchange Limited.
- 1.2. **'Independent Director'** shall mean a director referred to in Section 149 (6) of the Companies Act, 2013.
- 1.3. **'Key Managerial Personnel'**, in relation to a company, means key managerial personnel as defined under the Companies Act, 2013 & includes:
 - (i) The Chief Executive Officer or the managing director or the manager;
 - (ii) The company secretary;
 - (iii) The whole-time director;
 - (iv) The Chief Financial Officer;
 - (v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - (vi) Such other officer as may be prescribed.
- 1.4. **'Nomination and Remuneration Committee'** or the Committee under this policy shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the



Rules framed thereunder read with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

- 1.5. **'Other employees'** means all employees other than the Directors and KMPs.
- 1.6. **'Policy or This Policy'** means, "Nomination and Remuneration Policy."
- 1.7. **'Remuneration'** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- 1.8. **"Senior Management"** shall mean officers/personnel of the listed entity who are in the its core management team excluding BOD and normally this shall include all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

2. FUNCTIONS:

- ◆ To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- ◆ To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Director (Executive & Non-Executive/Independent) and persons who may be appointed in Senior Management Personnel.
- ◆ To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- ◆ To attract, retain and motivate the Directors and evaluation of their performance.
- ◆ To ensure that the relationship of remuneration with performance is clear and meets appropriate performance benchmarks.
- ◆ To recommend to the Board a Policy relating to the Remuneration for the Directors, Key Managerial Personnel and other Employees.
- ◆ To determine the remuneration based on the Company's size and financial position and practices in the industry.
- ◆ To recommend to the Board, all remuneration, in whatever form, payable to senior management."



3. APPLICABILITY:

This Policy shall apply to all Directors, KMPs, and other employees of the Company.

4. APPOINTMENT, REMOVAL AND RETIREMENT OF DIRECTOR, KMP AND SENIOR MANAGEMENT:

4.1. Appointment criteria and qualifications:

- ◆ The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- ◆ A potential candidate being considered for appointment to a position should possess adequate qualification, expertise and experience for the position. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- ◆ The Committee shall determine the suitability of appointment of a person to the Board of Directors of the Company by ascertaining whether he satisfies the criteria as prescribed by the Central Electricity Regulatory Commission (CERC) for appointment and disqualification as Director in the Power Exchange.
- ◆ The Committee may recommend appropriate induction & training programme for any or all the appointees.
- ◆ The Committee shall make recommendations to the Board concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of a director subject to the provisions of law and the respective service contract.

4.2. Term / Tenure:

4.2.1. Managing Director/Whole-time Director/Manager (Managerial Person):

- ◆ The Company shall appoint or re-appoint any person as its Managerial Person as per section 196, 197 or any other applicable provisions of the Companies Act 2013 read with Schedule- V.

4.2.2. Independent Director:

- ◆ An Independent Director shall hold office in Company for such term as prescribed under the Companies Act, 2013 and the Rules framed thereunder and other applicable statutory provisions.
- ◆ The appointment including the terms and conditions of appointment of Independent Director shall be recommended by the Committee and approved by



the Board of Directors of the Company subject to the approval of the Shareholders in the General Meeting.

- ◆ No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director of the Company. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

4.2.3. The Terms/ Tenure of the KMP and other employees shall be as per the Company's prevailing policy.

4.3. **Evaluation:**

The Committee shall carry out evaluation of performance of Directors yearly or at such intervals as may be considered necessary.

4.4. **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

4.5. **Retirement:**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 along with the Rules framed thereunder and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP or the Senior Management Personnel, in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

5. **PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND OTHER EMPLOYEES:**

5.1.1. **General Criteria:**

- ◆ The Committee will recommend to the Board the policy on remuneration payable to Directors, KMP and Other employees for approval. While recommending the policy the Committee shall ensure that, the level and composition of remuneration/Compensation/Commission etc. to be paid is reasonable and sufficient to attract, retain and motivate them in the company.
- ◆ The Policy shall also ensure that the relationship of remuneration to the performance should be clear and should encourage meeting of appropriate



performance benchmarks. The remuneration should also involve a balance between fixed and incentive / performance related pay reflecting achievement of short and long-term performance objectives appropriate to the working of the company and meeting its goals.

- ◆ Revision to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managerial Persons.
- ◆ The remuneration shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- ◆ Where any insurance is taken by the Company on behalf of its Managerial Person, KMPs, and/or any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel, unless such person(s) is/are proved to be guilty.

5.1.2. Remuneration to Managerial Person and KMPs:

- ◆ The Remuneration to be paid to Managerial Persons and/ or KMPs shall be governed as per the provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force as also by Company policy.

5.1.3. Remuneration to Non-Executive Directors/ Independent Directors:

- ◆ The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof and General Meeting of the Company.

Provided that the amount of such fees shall be such as determined by the Board of Directors of the Company from time to time and shall be within the maximum permissible limit as defined under the Companies Act, 2013 and the Rules framed thereunder.

- ◆ The remuneration / commission payable, if any, shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- ◆ An Independent Director shall not be entitled to any stock option of the Company.



5.1.4. Remuneration to other Employees:

- ◆ The Remuneration to be paid to other employees shall be based upon the role and position of the individual employee, including professional experience, responsibility, job complexity and market conditions, qualification and seniority.
- ◆ The structure of remuneration for other employees has been designed in the prevailing policy of the Company and implementation of the same is to be ensured by Managing Director & CEO of the Company or any other personnel that the Managing Director & CEO may deem fit to delegate.
- ◆ The annual increments to the remuneration paid to the other employees shall be based on the appraisal carried out by the respective HODs of various departments.
- ◆ The various remuneration components, basic salary, allowances, perquisites etc. may be combined to ensure an appropriate and balanced remuneration package.

5.1.5. Stock Options:

In addition to the normal/ regular remuneration package, Employee Stock Option Schemes are also in place for the Managerial Person, KMPs and other employees of the Company. To attract & retain talent, reward for performance and for creating long term shareholder value, the Committee may from time to time determine the stock options and other share based payments to be made to Managerial Person, KMPs, and other employees of the Company.

6. DISCLOSURE OF THIS POLICY:

This Nomination & Remuneration policy shall be disclosed in the Board's report as required under the Companies Act, 2013.

7. DEVIATIONS FROM THIS POLICY:

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

8. REVIEW AND AMENDMENT:

The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary. This Policy may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and also where there is any statutory changes necessitating the change in the policy.